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Testimony on

Medicare Part D: Implementation of the New Drug Benefit

U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Health

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Mr. Chairman and Members of the Subcommittee on Health: I am Earl Ettienne, a registered pharmacist and Senior Pharmacy Supervisor for CVS Pharmacy. I am pleased to appear before you today to provide my perspectives and that of CVS Pharmacy on the current status of the implementation of the Medicare Part D prescription drug benefit program.

CVS Pharmacy is the largest pharmacy provider in the nation with over 5,500 stores in 36 states. Last year, we filled over 400 million prescriptions and had annual sales of $37 billion. In my role as Senior Pharmacy Supervisor, I am responsible for overseeing the operations of all CVS pharmacies in the Washington, D.C. metropolitan area. For example, I am responsible for assuring that all these pharmacies – and the pharmacists that practice in these stores – abide by the highest standards of professional practice, comply with Federal and state regulations relating to the practice of pharmacy, and are aware of important changes in prescription drug benefit programs, such as Medicare Part D.

Medicare Part D: Past and Present

Without a doubt, implementation of Part D created many challenges for CVS Pharmacy, the millions of beneficiaries that obtain prescriptions from our pharmacies, as well as the many thousands of pharmacists that practice in our stores. However, as a large pharmacy provider, we knew that it was important to do all we could to make the benefit work for the patients our pharmacists serve.

Our pharmacists have spent countless hours helping seniors better understand the new Medicare Part D drug benefit, educate them about their various plan options, and obtain the information necessary to accurately fill and bill their prescriptions. Seniors rely on their pharmacist – whether they go to an independent or chain pharmacy – to help them with all these tasks. To that end, I would agree with Secretary Leavitt's recent characterization of pharmacists as being the "heroes" of the early stages of the implementation of this benefit.

No doubt that the beginning of Medicare Part D was rough primarily because pharmacies lacked important beneficiary billing information and copay data on many Medicare beneficiaries that had enrolled or been assigned to a Part D plan. That is because many beneficiaries had not received these data from the plans in which they had been enrolled, nor did pharmacies have access to this information through the "E1 query" eligibility system early on in the program.

Unfortunately, the long initial "wait times" for the various plans' "help lines" to obtain the necessary billing information slowed down the prescription filling process for the pharmacist. These long waits also increased the amount of time that a Medicare beneficiary had to wait to get their prescription filled. We know that this was particularly a problem for the dual eligibles that were transferred from Medicaid drug coverage to Medicare Part D coverage. However, the wait times have since significantly lessened and our pharmacists are continuing to ensure that beneficiaries are provided their necessary medications.

We hope that many of the initial system start up problems are resolved. We do remain hopeful but concerned about the significant number of individuals that might enroll just before the May 15th "open enrollment period" deadline. Although, since there is a gap of time between the May 15th deadline and June 1st enrollment effective date, we are hopeful that the health plans will have time to be sure that all the necessary information will be populated in their data fields and members will have received their ID cards and benefit information. I will have more to say about that a little later. I also know that many pharmacists found some Part D plans' transition policies to be hard to understand and difficult to implement. We are working through some of those issues with CMS and the health plans, but more work needs to be done in that area.

At this point, I can say that based on the feedback that I am receiving from pharmacists on the front line in our pharmacies, the situation with Medicare Part D is clearly better as compared to the early days of the program. There still remain several systemic and day-to-day issues that pharmacists have to deal with, and there may be new challenges on the horizon.

For example, we still believe that Congress and HHS must somehow address the "enrollment lag" issue, and we are very concerned about how Medicare beneficiaries will react when they find themselves in the "coverage gap" or "donut hole" this summer. We also believe that there could be a significant "logjam" at the end of March, which is the end of the special 90-day transition period. Millions of beneficiaries will need to either seek an exception in order to continue on the non-formulary drug that they are taking, or have their non-formulary medication switched to a formulary drug. This could create significant problems for physicians and pharmacists that are trying to assure that beneficiaries remain on medications that are appropriate to treat their medical conditions.

We are helping our pharmacists better understand the exceptions and appeals process so that they can explain it to a Medicare beneficiary if asked. Plans need to begin to address these transition issues now before the last week of this month.

Education and Training of Pharmacists

There have been many questions in the press about whether pharmacists were adequately educated and prepared for the many aspects of Part D implementation, and whether the Centers for Medicare and Medicaid Services (CMS) did all it could to help pharmacists prepare. In my view, we embraced this task to educate almost 15,000 plus CVS pharmacists and over 35,000 pharmacy support personnel before October 1st about all aspects of Part D, as well as keep them informed of the many changes that have occurred since then.

Fortunately, we started this process last June and through multiple educational modules. We built on the information learned in prior continuing education programs so that our pharmacists felt comfortable that they knew what was needed to support our Medicare Part D eligible customers. Moreover, not all pharmacies have the same technological capabilities in their pharmacy computer systems. This may have made it easier for some pharmacies than others to use some of the new technology tools that have been put in place to facilitate the implementation of the benefit.

Let me describe for you some of the many activities that CVS Pharmacy designed to help our pharmacists understand Part D, and stay updated on the many changes that have taken place since the start of the program:

- CVS sponsored multiple continuing education events for our pharmacists on Medicare Part D. These included special online and live training sessions that began last June. Every pharmacist had to complete three training sessions online, which was carefully checked and tracked;
- We developed an internal intranet website that is updated regularly with new information about the Part D benefit as it becomes available;
- We have weekly calls to review new updates relating to the Part D benefit in general, as well as specific issues that pharmacists need to know about certain Part D plans.

New information is coming out every day both from CMS, states, and the plans. It is important for our pharmacists to keep up to date, but frankly it can be challenging to do so. In my view, pharmacists understand their important obligations to their patients and are doing the best they can to keep on top of this "information overload." CVS also understands its' important corporate role in helping our pharmacists serve Medicare beneficiaries by offering them a structured way to keep on top of these changes.

Challenges Moving Forward with Part D

Let me touch briefly on some of the challenges that remain with Medicare Part D implementation. I have already alluded to some of these in my previous remarks, but will expand on them here:

- ***Enrollment Lag:*** Congress and the Administration should address this "enrollment lag" issue by setting benchmarks that are easily understood. The key is to insure that the enrollment information and subsidy approval process must be completed and the results populated into the pharmacy databases.

Additionally, the patient needs to have received their ID card and benefit information. With that as the guiding principle, you may want to consider a 30-day enrollment processing window. However, if plans can complete the process faster than that, then eligibility would become effective sooner. We suggest that CMS publish the time it takes on average for health plans to complete the process above, and let customers use that as a factor in choosing between health plans. By doing that, I think you will see the marketplace adopt more improved processes. But more importantly, the customer will experience a positive service encounter.

- ***Formulary Issues:*** As you know, each Part D plan has a different drug formulary, with different cost sharing tiers as well as different drugs covered under each tier. Many plans are also using cost and utilization management tools such as prior authorization and step therapy for these formulary drugs. Plans can also change formulary drugs with 60 days written notice. Some drugs are covered both under Medicare Part B and Medicare Part D, depending on how they are administered or used. Each plan has a different transition policy.

  Keeping current on all this information, as well as staying up to date on any changes, can be challenging for physicians, pharmacists, and the beneficiaries. While pharmacies have adapted to dealing with the administrative burdens of third party prescription plans, we think that these issues will significantly multiply under Part D programs. Administration of these Part D formularies at the pharmacy counter will increase costs for pharmacists and slow down the filling of prescriptions.

  We are trying to resolve some of these issues by working with the health plans to develop "standard electronic real time messages" that will be sent back to the pharmacists from the plans. These messages will give more information to the pharmacist that will help reduce the amount of time that pharmacists may have to spend in resolving these formulary-related issues.

It would also help tremendously if plans would work directly with beneficiaries that need to be moved from a non formulary drug to a formulary drug before that beneficiary returns to the pharmacy counter. This will allow the pharmacist to spend more time talking to their patients about appropriate use of their drug therapy, rather than resolving third party administrative problems.

Billing Issues: If the pharmacist does not have accurate billing information, the pharmacist cannot bill the appropriate Part D plan or charge the appropriate copay. This situation occurred many times during the early days of the program, and still presents a problem for the pharmacist as a result of beneficiaries who are "late enrollers" or "late switchers." Accurate and up to date billing data are the life blood of the pharmacy billing systems. However, if we can address the "enrollment lag" issues I mentioned earlier, this could eliminate many of our "billing" concerns. If not corrected, we will continue to have issues with "late enrollers" and "late switchers."

Moreover, we face continued economic risk from prescriptions that have been billed in good faith to the Wellpoint POS system. This system was put in place to be a "back stop" plan for dual eligibles who had not been auto assigned to a Part D plan. There was some confusion during the early stages of the program due to a lack of good billing information for the dual eligibles. We are now being told that many of these POS claims may have to be reversed and then rebilled by the pharmacy to another Part D plan or to the Medicaid program. This just adds another level of complexity, increases our cost to fill Medicare Part D prescriptions, and potentially puts pharmacies at more economic risk.

Conclusion

We have obviously come a long way Since January 1st, but we have opportunities to make improvements. CVS Pharmacy is committed to doing all it can to making this benefit work through education of our pharmacists, outreach to seniors, and participation in various government and private-sector initiatives to create efficiencies in delivery of the benefit. We appreciate the opportunity to provide our views to the Subcommittee. Thank you.